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C O R R E C T E D C O P Y--(ADDED ADDEES AND SLUG LINE)

DEPT FOR AF A/S FRAZER, NSC/AFRICA PITTMAN AND HUDSON AND AF/W BANKS
FROM AMBASSADOR BROWN

DEPT ALSO PASS TO PEACE CORPS AND USAID

E.O. 12958: N/A

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SUBJECT: SCENESETTER FOR PRESIDENT BONI YAYI OF BENIN'S USA VISIT,
DECEMBER 13-16, 2006

REF: (A) Cotonou 1167, (B) Brown/Banks e-mail dated 11/24/06

¶1. (SBU) SUMMARY: Benin's new pro-American President Boni Yayi welcomes his December 13-16, 2006, USA visit to meet with President George W. Bush, and other USG, IFI and private sector officials. President Yayi likely will express his appreciation for the US support to Benin via its \$307 million MCC program. However, he may stress that continued USAID and Peace Corps programs to support education and health improvements also remain vital to Benin's development. Yayi also will affirm his commitment that US aid will be well-spent and his belief that combating corruption is crucial if he is to attract the "massive" US and other foreign private investment that he believes Benin must receive to spur economic growth. He may also seek support for legislative elections in 2007, training for his personal bodyguards and reinforcement of the country's porous borders.

¶2. (SBU) SUMMARY (cont.): This is an opportunity to express our support for Benin's role as a model of democracy and stability in West Africa and note our appreciation for GOB hosting of the recent Gulf of Guinea maritime security conference. We should encourage continuation of regional peacekeeping initiatives, underline our desire to support his reform agenda particularly in addressing corruption and improving the business climate, and affirm our ongoing USG assistance programs, including the December 14 announcement that Benin will be part of the President's Malaria Initiative. We could reiterate our request for GOB assistance in locating a suitable site for construction of a new embassy, as a symbol of the importance of our bilateral relationship. END SUMMARY.

¶3. (SBU) Rejecting the old guard's attempts to torpedo presidential elections, and with strong USG and other donor support, Benin's people voted overwhelmingly in March 2006 for Boni Yayi's vision of "change." For President Yayi, change means a focus on economic development and poverty reduction via administrative and fiscal reforms, a fight against corruption, increased agricultural productivity, and improved access to basic education and health for the population. Implementation of his vision, however, is threatened by entrenched corruption, administrative inefficiency, a devastating drop in cotton production and its adverse budget impact (REF A), chronic water and electricity shortages and high petroleum prices.

¶4. (SBU) On November 23, President Boni Yayi convoked the Ambassador for an hour-long meeting to discuss his USA trip and the "crisis" situation in Benin (REF B). Yayi has been lobbying for this

Washington visit since the day of his election. The visit, which will be followed by a stop in Chicago, is the climax of a series of trips that have taken him repeatedly to Europe, Asia and other parts of Africa in search of donors and investors. The trips have been well-received when they have resulted in specific boosts to Benin's economic development, but they have begun to be seen by many in the Beninese public and the dip corps as a distraction when they produce little visible benefit for the country.

15. (SBU) In President Yayi's view, the precarious economic situation he inherited from former President Mathieu Kerekou has been aggravated by a poor cotton harvest, problems in the education sector, water and electricity shortages countrywide, and the high cost of petroleum. Stating that Benin was not a "chasse gardee," he reaffirmed shared values with the US, notably building democracy; fighting corruption and terrorism; supporting education; and promoting "massive" US investment in the Port of Cotonou, roads, and other infrastructure; and working toward a common strategy to achieve mutual goals in Benin. To address corruption, for example, he plans to personally monitor MCA Benin's progress, requiring weekly updates from the director. To underscore the anti-corruption efforts of the President, it is notable that since he took office some ten high-level public sector officials have been arrested for their fraudulent and corrupt practices in the past. Further, according to a press report, December 8 will be declared Anti-Corruption Day in the country.

KEY ISSUES: MAKING THE DEMOCRATIC DIVIDEND PAY

16. (SBU) Benin President Boni Yayi assumed office with a strong mandate, having won 75 percent of the run-off vote. Despite Benin's political stability, economic growth over the past several years has been disappointing. The country has few natural advantages or resources to spur growth or endow it with geo-political strategic importance. It is only Benin's democratic tradition that has qualified Benin to feature on almost every list of beneficiaries for various aid programs such as Millennium Challenge, AGOA, HIPC debt relief, President Bush's Women's Justice and Empowerment Initiative, the President's Malaria Initiative, and the EU's program of direct budget support. Approval of the World Bank's Education Fast-Track

Initiative is expected soon.

17. (SBU) This "democratic dividend" is vital for Benin, but can only spur real economic growth if it is combined with improved economic governance. Botched privatizations of Benin's cotton and petroleum parastatals, Benin's largest export and import items, respectively, combined with difficult world market conditions for both products, have weighed heavily on Benin's economy over the past three years. Endemic corruption and inefficiencies in managing crucial infrastructure such as the Port of Cotonou, also negatively affect growth. Yayi and his Finance Minister, Pascal Koupaki, have made significant steps to improve fiscal management, as acknowledged by the IMF Board in its November 27 decision to disburse SDR 880,000 (\$1.3 million) to Benin under an SDR 6.19 million (\$9.3 million) Poverty Reduction and Growth Facility.

MCC, USAID AND PEACE CORPS

18. (SBU) The United States is perfectly positioned to work with the new government on these issues. In February 2006, Benin signed an MCA Compact, which entered into force on October 6. President Yayi has underscored his commitment to maintaining Benin's eligibility for MCC, notably by addressing the problem of endemic corruption. The five-year, \$307 million Compact is designed to address key constraints to increasing investment and private sector activity in four program areas: land tenure, commercial dispute mechanisms, financial services, and access to markets (which is predominately to improve the functioning of the Port of Cotonou).

19. (SBU) USAID (with \$12-15 million annual spending) and Peace Corps (with around 100 Volunteers) will continue their programs in key social sectors, particularly health and education. Our health assistance promotes increased access and quality of primary health care, including childhood vaccinations, polio eradication, family planning, malaria control, and HIV/AIDS information and treatment. The USAID education program focuses on primary education including

curriculum reform, teacher training, improved school supervision, and increased enrollment and retention of girls in primary school.

REGIONAL STABILITY AND MILITARY COOPERATION

¶10. (SBU) Entry into force in 2005 of an Article 98 agreement (which the GOB prefers to call a "non-surrender" agreement) has allowed us to increase the tempo of military training and cooperation with the Beninese forces. Our IMET program restarted in FY06. Benin is also a beneficiary of the Africa Contingency Operations Training Assistance (ACOTA) program and makes an important contribution to regional stability both through its example and troop commitments. Benin has over 1,200 peacekeeping troops deployed in the Democratic Republic of Congo (MONUC) and in Cote d'Ivoire (UNOCI), as well as military and police observers in Darfur and Haiti. It has expressed interest in making a contribution of troops, but to sustain such a contribution, the GOB would require USG support. Benin would be an attractive prospect for FMF funding.

A BRIEF HISTORY OF BENIN

¶11. (U) Benin's status as one of the most peaceful and democratic countries in Africa is a real achievement. Benin was the first African country to suffer from a military coup in the post-colonial era, and from 1963 to 1972 Benin saw more coups and changes of government than any other African state. From 1972 to 1989, Benin lived under Mathieu Kerekou's Marxist regime.

¶12. (U) Benin became a trailblazer in a more positive sense in 1990 when it was one of the first African countries to undergo a democratic transition. A new Constitution was adopted in December 1990, and, in elections in February 1991, Kerekou was defeated and peacefully stepped aside for new President Nicephore Soglo. In 1996 Kerekou resumed office after defeating Soglo in democratic elections and won re-election in 2001 in a vote marred by allegations of fraud. On April 6, 2006, Kerekou became the first African leader ever to leave office constitutionally twice as a result of democratic elections.

BIO NOTE ON PRESIDENT BONI YAYI

¶13. (SBU) Dr. Thomas Boni Yayi, a Paris-educated economist who had never held elected office and who had no political party affiliation, skillfully crafted a campaign projecting himself as both an economically literate technocrat, and the embodiment of change for Benin. President Yayi views the United States as a key partner for his new government. An evangelical Christian, he emphasizes that he shares "American values" such as the importance

of good governance and the promotion of investment and economic growth. Both issues feature prominently in his government's program.

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